

**CITY OF DAVENPORT**  
**Lincoln County, Washington**  
**January 1, 1995 Through December 31, 1995**

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**Schedule Of Findings**

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1. The City Should Improve Internal Control Procedures Over Purchasing And Disbursements

During the course of our audit, we identified several inadequacies in the internal control procedures over city purchasing and disbursement procedures. These inadequacies are as follows:

- a. Purchases were made without council approval and appropriate documentation. A vehicle was purchased for \$17,000 without council approval or appropriations. The documentation was not provided to council until just prior to delivery of the vehicle.
- b. Weapons were used as trade-in credit of \$925 toward the purchase of new weapons valued at \$3,441 without council approval. No evidence was found to determine that the old weapons had been declared surplus. In an effort to resolve this matter, one weapon was returned to the vendor. The vendor provided a \$658 credit rather than a refund and unauthorized purchases of approximately \$557 were made against that credit.
- c. Purchases were made using the city's name by unauthorized persons who did not have budget or purchasing authority. Most of these items did not have proper authorization prior to acquisition.
- d. City police officers incurred expenses by using city vehicles to provide security services in a neighboring town. The neighboring town compensated the officers for their time. These services were provided through an agreement made without council knowledge or approval.
- e. A city employee submitted applications to grantor agencies without council approval. Expenses were subsequently incurred against those grants without council approval.

Management does not actively enforce policies and procedures. This has led to inadequate internal controls which can decrease accountability and increase the potential for fraud and/or other misappropriation to occur and not be detected. The lack of controls resulted in excess expenditures over budgeted appropriations which required numerous budget amendments and the necessity to transfer funds from other areas to cover those costs.

We recommend the city enforce existing purchasing policies and procedures and amend them as necessary to eliminate weaknesses.